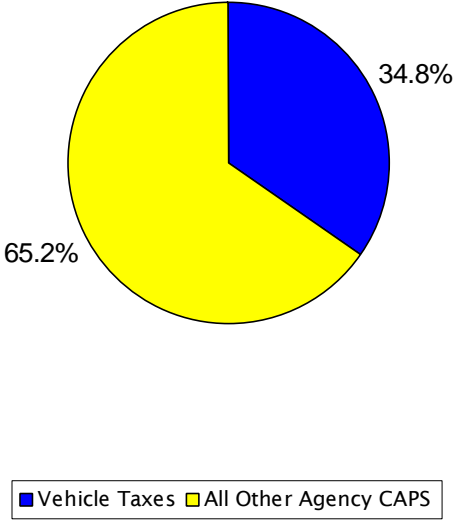


Department of Tax Administration

57-03-Vehicle Taxes

Fund/Agency: 001/57	Department of Tax Administration	
Personnel Services	\$5,228,551	CAPS Percentage of Agency Total  <p>A pie chart titled 'CAPS Percentage of Agency Total' showing the distribution of CAPS costs. The chart is divided into two segments: a blue segment representing 'Vehicle Taxes' at 34.8% and a yellow segment representing 'All Other Agency CAPS' at 65.2%. A legend at the bottom identifies the colors: blue for Vehicle Taxes and yellow for All Other Agency CAPS.</p>
Operating Expenses	\$1,570,302	
Recovered Costs	\$0	
Capital Equipment	\$0	
Total CAPS Cost:	\$6,798,853	
Federal Revenue	\$0	
State Revenue	\$625,923	
User Fee Revenue	\$0	
Other Revenue	\$0	
Total Revenue:	\$625,923	
Net CAPS Cost:	\$6,172,930	
Positions/SYE involved in the delivery of this CAPS	125/125.2	

► CAPS Summary

Vehicle taxes represents a major CAPS for the Department of Tax Administration (DTA) and includes the assessment, proration, tax collection and sale of vehicle decals. Of the resources shown above, approximately half are associated with assessing activities and half are associated with collection activity.

This ad valorem tax on the value of cars, trucks, trailers and motorcycles has been the subject of intense scrutiny following the Personal Property Tax Relief Act of 1998 (PPTRA). Commonly referred to as the "No Car Tax" legislation, PPTRA requires the State to reimburse localities a percentage subsidy of the Personal Property tax on personal use vehicles. In FY 2002, the State reimburses Fairfax County 70 percent of the tax based on the first \$20,000 of assessed value. Individuals pay the difference. The State share is scheduled to increase to 100 percent in FY 2003, assuming adequate statewide revenue growth. Decal fees are not subsidized by the State. Roughly 95 percent of the cars assessed by Fairfax County have a value at or below \$20,000.

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Approximately 92 percent of the vehicles taxed by Fairfax County are 'personal use' vehicles, subject to State reimbursement under the PPTRA. Based on this percentage, the resources for this CAPS is allocated as follows:

Vehicles	Staff	Total Expenditures	Revenue	Net Cost
Personal Use (92%)	115	\$ 6,254,945	\$ 575,849	\$ 5,679,095
Business Use (8%)	10	\$ 543,908	\$ 50,074	\$ 493,834
Total	125	\$ 6,798,853	\$ 625,923	\$ 6,172,930

General Fund Tax revenue from vehicles can be broken down along the same lines:

Vehicles	Personal Property Revenue (million)	Decal Revenue (million)	Total ICAPS General Fund Revenue(million)
Personal Use	\$ 283.0	\$ 17.0	\$ 300.0
Business Use	\$ 26.0	\$ 1.4	\$ 27.4
Total	\$ 309.0	\$ 18.4	\$ 327.4

DTA has improved customer service and streamlined operations in the past few years. A major Fairfax County initiative (Filing By Exception (FBE)) has reduced the amount of work required of citizens to report vehicles for taxation and has been adopted by many localities in the State. Customer-friendly efficiency gains have also resulted from providing on-line proration calculations and address changes; acceptance of credit cards and e-checks over the Internet; creation of a secure communication tool for the Internet; use of Express stations at peak decal times; and, major cross-training and flexible expansion capabilities of customer service staff. Using the Internet, DTA also offers monthly payment plans in order to pay this tax (analogous to monthly taxes paid via mortgage companies). In FY 2002, DTA plans to implement on-line vehicle registrations and decal sales. Program TARGET has been highly successful for many years, identifying, verifying and assessing vehicles that appear to be evading taxation and is responsive to citizen complaints through the Target Hotline. Staff makes extensive use of in-house research tools, such as on-line access to the Department of Motor Vehicles (DMV), State Income tax records and Virginia Employment Commission (VEC) files. Tax Collectors also use a full array of collection tools, to include multiple billing and letter programs, bank liens, wage liens, vehicle boots and towing, and other property seizures when necessary. DTA also participates in a Northern Virginia regional compact of other jurisdictions to facilitate tax compliance.

Personal Property taxes, including business property, business vehicles and personal use vehicles, amounts to \$446 million in FY 2002 General Fund revenue. Of this amount, approximately 69 percent represent vehicles.

In FY 2002, 'personal use' vehicles (owned and leased) are estimated to generate approximately \$283 million in Personal Property taxes. Of the 'personal use' vehicles, it is estimated that taxpayers will pay about \$85 million and the state share will be roughly \$198 million (70 percent). Additionally, 'business vehicles', which are not subsidized by the state, are estimated to pay approximately \$26 million in FY 2002 Personal Property taxes. Another \$18.4 million is estimated to result from the sale of Vehicle Decals. All combined, the Vehicle Taxes CAPS is estimated to generate approximately \$327.4 million in FY 2002 General Fund Revenue.

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► Method of Service Provision

In addition to the e-commerce initiatives, service is provided directly to County taxpayers by DTA staff, many of whom are cross-trained in assessing and collecting. Normal hours of operation are 8 a.m. to 4:30 p.m., Monday through Friday with extended hours on Thursdays. Saturday and extended evening hours are available during the peak workload around the October 5th payment deadline.

► Performance/Workload Related Data

Title	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Estimate	FY 2002 Estimate
Estimated Vehicle Calls Answered (personal use & business use)/% Answered	383,033/ 97.1%	397,424/ 96.3%	346,633/ 95.8%	340,775/ 94.0%	350,000/ 96%
Vehicle Levy Generated by TARGET Discovery staff (millions)	\$3.8	\$2.8	\$4.9	\$5.1	\$5.0
Number of Vehicles	802,188	827,468	861,826	900,730	915,492
Delinquent Tax Liens/ Ave. Collection per Lien	12,466/ \$158	18,042/ \$138	11,229/ \$306	11,723/ \$228	12,235/ \$234
Personal Property Collection Rate	97.26%	97.26%	97.30%	97.05% *	97.30%

* Based on collections through June 30th and estimated collections for the accrual period.

► Mandate Information

This CAPS is Federally or State mandated. The percentage of this CAPS' resources utilized to satisfy the mandate is 76 - 100%. The specific Federal or State code and a brief description of the code follows:

- Constitution of Virginia, Article X, Sections 1 and 2. Taxation and Finance: Taxable property, uniformity, classification and segregation; Assessments.
- Code of Virginia, Title 58.1, Chapters 35 and 39. Local Taxes: Tangible Personal Property; Enforcement, Collection, Refunds, Remedies and Review of Local Taxes.
- Code of the County of Fairfax, Chapter 4. Taxation and Finance.